



# PUBLIC NOTICE

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DA 04-2868

Released: September 2, 2004

## DOMESTIC SECTION 214 APPLICATION FILED FOR TRANSFER OF CONTROL OF LOOKING GLASS NETWORKS, INC., AND LOOKING GLASS NETWORKS OF VIRGINIA, INC.

### STREAMLINED PLEADING CYCLE ESTABLISHED

WC Docket No. 04-293

Comments Due: September 16, 2004

Reply Comments Due: September 23, 2004

On July 9, 2004, Looking Glass Networks, Inc. ("LGN") and Looking Glass Networks of Virginia, Inc. ("LGN of Virginia") (collectively, "Applicants") filed an application pursuant to sections 63.03 and 63.04 of the Commission's rules,<sup>1</sup> requesting approval to permit Applicants to consummate a series of transactions through which indirect control of LGN and LGN of Virginia will be transferred.<sup>2</sup>

Applicants assert that this transaction is entitled to presumptive streamlined treatment. This transaction is entitled to presumptive streamline treatment under section 63.03(b)(2)(ii) of the Commission's rules because (a) Applicants and their affiliates combined will hold less than a ten percent (10%) share of the interstate, interexchange market; (b) Applicants and their affiliates will provide competitive local exchange service only in areas served by dominant local exchange carriers (none of which is a party to the proposed transactions) and; (c) Applicants are a dominant

<sup>1</sup> 47 C.F.R §§ 63.03, 63.04; *see* 47 U.S.C. § 214.

<sup>2</sup> Applicants are also filing an application for consent to transfer control of authorization for international and wireless services. Any action on this domestic 214 application is without prejudice to Commission action on other related pending applications.

carrier and a non-dominant carrier that provides services exclusively outside the geographic area where the dominant carrier is dominant.<sup>3</sup>

LGN is a wholly owned subsidiary of Looking Glass Networks Holding Co., Inc. ("LGN Holding"), a corporation formed under the laws of the State of Delaware. LGN Holding is a wholly owned subsidiary of Looking Glass Networks, LLC, a Delaware limited liability company. LGN is authorized to provide interstate and intrastate competitive telecommunications services in Arizona, California, Colorado, Florida, Georgia, Illinois, Indiana, Maryland, Massachusetts, Michigan, Minnesota, Missouri, North Carolina, New Jersey, New York, Ohio, Oregon, Pennsylvania, Texas, Washington and the District of Columbia. LGN of Virginia is a Virginia corporation that is a wholly owned subsidiary of LGN and an indirect, wholly owned subsidiary of LGN Holdings. LGN of Virginia is authorized to provide interstate and intrastate competitive telecommunications services in Virginia.

Specifically, Applicants seek approval of a series of transactions through which 80% of the stock in LGN Holding, will be acquired by current LGN Holding lenders ("LGN Lenders") through the conversion of their debt into equity interests. Upon consummation of the proposed transactions, indirect ownership of LGN and LGN of Virginia will be split among the current LGN Lenders (collectively 80%) and LGN's current shareholders and management (collectively 20%), which includes a reduction of the interest of LGN Holding's parent, Looking Glass Networks, LLC, from 100% to 5%. Individually, LGN Lenders will hold the following indirect 10% or greater interests in LGN Holdings common stock after the consummation of the Transactions: JP MORGAN Chase & Company, 14%; Barclays Bank PLC, 10%; Cisco Capital, 10%; Citicorp USA, Inc., 14%; Credit Suisse First Boston LLC, 14%; and Merrill Lynch Capital Corporation, 10%. These listed proposed owners also have a 10% or greater indirect interest in the following companies: Teligent, Inc., ARCOS-1 USA, Inc., SES Americom, Arch Communications Group, Inc., Valor Telecommunications, LLC, and Impsat USA.<sup>4</sup> Applicants note that although Valor, the only known affiliate that provides incumbent local exchange service, operates in rural communities in New Mexico, Oklahoma, Texas, and Arkansas, Applicants have no operations in those areas.<sup>5</sup> Furthermore, the Applicants state that upon consummation of the Transactions, all preferred stock in LGN Holdings currently owned by Looking Glass Networks, LLC, will be cancelled. As a result, the Applicants note, no single entity, including the individual LGN Lenders, will own a majority of the common shares and control will be dispersed among several entities.

The Applicants assert that the proposed transfer of control is in the public interest. In particular, Applicants state that the Transactions will increase competition to the extent that

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<sup>3</sup> 47 C.F.R. § 63.03(b)(2)(ii). See letter from Catherine Wang and Brian McDermott, Swidler Berlin Shereff Friedman, LLP, to Marlene H. Dortch, FCC, dated August 31, 2004 (*Supplemental Letter*).

<sup>4</sup> See *Supplemental Letter*.

<sup>5</sup> *Id.*

they strengthen the financial status of the Applicants by reducing the aggregate amount of Applicants' debt while allowing Applicants continued access to additional funding in order to expand their operations. The proposed Transactions will provide greater operational stability to Applicants' customers and ensure that those customers can continue to enjoy high quality, affordable service without interruption. Furthermore, Applicants state that immediately after the completion of the proposed Transactions, LGN's customers will continue to receive service under the same rates, terms and conditions of service as before and the proposed Transactions will be transparent to all of Applicant's customers in terms of the services they receive. Moreover, given that the Transaction will not affect Applicants' operations, rates, terms and conditions of services, the Transactions will not confuse, inconvenience or otherwise adversely affect Applicants' customers.

### **GENERAL INFORMATION**

The transfer of control identified herein has been found, upon initial review, to be acceptable for filing as a streamlined application. The Commission reserves the right to return any transfer of control application if, upon further examination, it is determined to be defective and not in conformance with the Commission's rules and policies. Interested parties may file **comments on or before September 16, 2004** and **reply comments on or before September 23, 2004.**<sup>6</sup> Unless otherwise notified by the Commission, Applicants are permitted to transfer assets on the 31<sup>st</sup> day after the date of this notice.<sup>7</sup> Comments may be filed using the Commission's Electronic Comment Filing System (ECFS) or by filing paper copies. See *Electronic Filing of Documents in Rulemaking Proceedings*, 63 Fed. Reg. 24121 (1998).

Comments filed through the ECFS can be sent as an electronic file via the Internet to <<http://www.fcc.gov/e-file/ecfs.html>>. Generally, only one copy of an electronic submission must be filed. If multiple docket or rulemaking numbers appear in the caption of this proceeding, however, commenters must transmit one electronic copy of the comments to each docket or rulemaking number referenced in the caption. In completing the transmittal screen, commenters should include their full name, U.S. Postal Service mailing address, and the applicable docket or rulemaking number. Parties may also submit an electronic comment by Internet e-mail. To get filing instructions for e-mail comments, commenters should send e-mail to [ecfs@fcc.gov](mailto:ecfs@fcc.gov), and should include the following words in the subject line "get form <your e-mail address>." A sample form and directions will be sent in reply.

Parties who choose to file by paper must file an original and four copies of each filing. If more than one docket or rulemaking number appears in the caption of this proceeding, commenters must submit two additional copies for each additional docket or rulemaking number. Filings can be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail (although we continue to experience delays in

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<sup>6</sup> See 47 C.F.R. § 63.03(a).

<sup>7</sup> Such authorization is conditioned upon receipt of any other necessary approvals from the Commission in connection with the proposed transaction.

receiving U.S. Postal Service mail). The Commission's contractor, Natek, Inc., will receive hand-delivered or messenger-delivered paper filings for the Commission's Secretary at 236 Massachusetts Avenue, N.E., Suite 110, Washington, D.C. 20002. The filing hours at this location are 8:00 a.m. to 7:00 p.m. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes must be disposed of before entering the building. Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743. U.S. Postal Service first-class mail, Express Mail, and Priority Mail should be addressed to 445 12th Street, SW, Washington, D.C. 20554. All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.

**In addition, one copy of each pleading must be sent to each of the following:**

The Commission's duplicating contractor, Best Copy and Printing, Inc., 445 12th Street, SW, Room CY-B402, Washington, DC 20554, [www.bcpiweb.com](http://www.bcpiweb.com); phone: (202) 488-5300 fax: (202) 488-5563;

- (1) Tracey Wilson, Competition Policy Division, Wireline Competition Bureau, 445 12<sup>th</sup> Street, S.W., Room 5-C212, Washington, D.C. 20554; e-mail: [tracey.wilson-parker@fcc.gov](mailto:tracey.wilson-parker@fcc.gov);
- (2) Kimberly Jackson, Competition Policy Division, Wireline Competition Bureau, 445 12<sup>th</sup> Street, S.W., Room 5-C142, Washington, D.C. 20554; e-mail: [kimberly.jackson@fcc.gov](mailto:kimberly.jackson@fcc.gov);
- (3) Julie Veach, Competition Policy Division, Wireline Competition Bureau, 445 12<sup>th</sup> Street, S.W., Room 5-C124, Washington, D.C. 20554; e-mail: [julie.veach@fcc.gov](mailto:julie.veach@fcc.gov);
- (4) Susan O'Connell, Policy Division, International Bureau, 445 12<sup>th</sup> Street, S.W., Room 7-B544, Washington, D.C. 20554; email: [susan.o'connell@fcc.gov](mailto:susan.o'connell@fcc.gov); and
- (5) James Bird, Office of General Counsel, 445 12<sup>th</sup> Street, S.W., Room 8-C824, Washington, D.C. 20554; e-mail: [james.bird@fcc.gov](mailto:james.bird@fcc.gov).

Filings and comments are also available for public inspection and copying during regular business hours at the FCC Reference Information Center, Portals II, 445 12th Street, SW, Room CY-A257, Washington, DC, 20554. They may also be purchased from the Commission's duplicating contractor, the Commission's duplicating contractor, Best Copy and Printing, Inc., Portals II, 445 12th Street, SW, Room CY-B402, Washington, DC 20554, telephone: (202) 488-5300, fax: (202) 488-5563, or via e-mail [www.bcpiweb.com](http://www.bcpiweb.com).

For further information, please contact Tracey Wilson, at (202) 418-1394, or Kimberly Jackson at (202) 418-7393.